USTELECOM
THE BROADBAND ASSOCIATION

October 3, 2011

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: WC Docket No. 10-90; GN Docket No. 09-51; WC Docket No. 07-135; WC Docket No. 05-337; CC Docket No. 01-92; CC Docket No. 96-45; WC Docket No. 04-36

Dear Ms. Dortch:

On behalf of AT&T, CenturyLink, FairPoint Communications, Frontier, Verizon, and Windstream (collectively, the "ABC Plan Coalition" or "Coalition"), USTelecom submits the attached discussion draft of rules to implement the intercarrier compensation components of the ABC Plan, which the Coalition filed with the Commission on July 29, 2011. As with proposed rules to implement the universal service components of the ABC Plan submitted on September 28, 2011, these proposed rules do not address rate-of-return elements of the Consensus Framework also filed with the Commission on July 29, 2011. The Coalition will also separately submit proposed rules to implement the transitional access replacement mechanism called for by the ABC Plan.

On September 29, 2011, the attached discussion draft was shared with Rebekah Goodheart, Dan Ball, Randy Clarke, Travis Litman, and Doug Slotten of the Wireline Competition Bureau at a meeting with David Hostetter and Christopher Heimann of AT&T, Jeff Lanning of CenturyLink, Maggie McCready, Alan Buzacott and Chris Miller of Verizon, and William Kreutz of Windstream. The purpose of the meeting was to discuss intercarrier compensation rules necessary to implement the ABC Plan. At the meeting, the Coalition members addressed each of the proposed rules' sections described in the attached discussion draft and explained how the intercarrier compensation components of the ABC Plan could be operationalized. As a result of the meeting, the Coalition expects to supplement the discussion draft with further details and other modifications – in addition to providing proposed rules for the transitional access replacement mechanism.

Pursuant to Commission rules, please include a copy of this filing in each of the above-referenced dockets.

Should you have any questions, please contact me.

Sincerely,

Jonathan Banks

c: Rebekah Goodheart
Dan Ball
Randy Clarke
Travis Litman
Doug Slotten

§ XX.1 Definitions

(a) *Base Period*. *Base Period* has the same meaning as that term is defined in section 61.3(g) of this Chapter.

(b) *Bill-and-Keep Arrangement*. *Bill-and-Keep Arrangement* has the same meaning as that term is used in section 51.713(a) of this Chapter.

(c) *Competitive Local Exchange Carrier (CLEC)*. A *CLEC* is any local exchange carrier, as defined in section 51.5 of this Chapter, which is not an ILEC.

(d) *Commercial Mobile Radio Service (CMRS) Carrier*. A *CMRS Carrier* is any provider of "commercial mobile radio service," as that term is defined in section 20.3 of this Chapter.

(e) *Composite Terminating End Office Access Rate*. *Composite Terminating End Office Access Rate* means terminating End Office Access Service revenue, calculated at Base Period demand, divided by Base Period end office switching minutes.

(f) *Dedicated Transport Access Service*. *Dedicated Transport Access Service* means originating and terminating transport on circuits dedicated to the use of a single carrier. *Dedicated Transport Access Service* rate elements include the entrance facility rate elements (including multiplexing [Pending: other transmission-based features and functionalities]) specified in section 69.110 of this Chapter, the dedicated transport rate elements specified in 69.111 of this Chapter, the direct-trunked transport rate elements specified in section 69.112 of this Chapter, and intrastate rate elements for functionally equivalent service.

(g) *End Office Access Service*. *End Office Access Service* means the switching of access service traffic at the carrier's end office switch and the delivery to or from of such traffic to the called party's premises. End Office Access Service rate elements include the local switching rate elements specified in section 69.106 of this Chapter, the carrier common line rate elements specified in sections 69.154 of this Chapter, and the intrastate rate elements for functionally equivalent service. *End Office Access Service* rate elements also include any rate elements assessed on local switching access minutes, including the information surcharge and residual rate elements

Note to (g): Residual rate elements may include, for example, state Transport Interconnection Charges, Residual Interconnection Charges, and PICCs. [Pending: signaling rate elements during the transition, other residual rate elements.]

(h) *Incumbent Local Exchange Carrier (ILEC)*. *ILEC* has the same meaning as that term is defined in section 51.5 of this Chapter.

(i) *Local Exchange Carrier (LEC)*. *LEC* has the same meaning as that term is defined in section 51.5 of this Chapter.

(j) *Price Cap Carrier*. *Price Cap Carrier* has the same meaning as that term is defined in section 61.3(aa) of this Chapter.

(k) *Rate-of-Return Carrier*. A *Rate-of-Return Carrier* is any ILEC not subject to price cap regulation as that term is defined in section 61.3(aa) of this Chapter, but only with respect to the territory in which it operates as an ILEC.

(l) *Tandem-Switched Transport Access Service*. *Tandem-Switched Transport Access Service* means tandem switching and common transport between the tandem switch and end office. *Tandem-Switched Transport* rate elements include the rate elements specified in section 69.111 of this Chapter, except for the dedicated transport rate elements specified in that section, and intrastate rate elements for functionally equivalent service.

(m) *Telecommunications Carrier*. *Telecommunications Carrier* has the same meaning as that term is defined in section 51.5 of this Chapter.

(n) *Transit Service*. A *Transit Service* means the transmission and tandem switching of telecommunications traffic by a carrier other than a sending carrier and the terminating carrier.

(o) *Transitional Interstate Access Service.* A *Transitional Interstate Access Service* means terminating End Office Access Service that was subject to intrastate access rates as of December 31, 2011; terminating Tandem-Switched Transport Access Service that was subject to intrastate access rates as of December 31, 2011; and originating and terminating Dedicated Transport Access Service that was subject to intrastate access rates as of December 31, 2011.

§ XX.2 Unification of Terminating Intercarrier Compensation Rates

(a) Effective July 1, 2017, each Price Cap Carrier, CLEC, and CMRS Carrier shall unify all terminating traffic under section 251(b)(5) of the Act at a rate of $0.0007 per minute for transport and termination consistent with some existing interconnection agreements that have adopted the "ISP remand" rate. Beginning with this step, the rate for transport and termination shall only apply to termination at the end office where the terminating carrier does not own the serving tandem switch (in which case, additional charges may or may not apply depending on the arrangement used to deliver traffic), and it shall only apply to transport and termination within the tandem serving area where the terminating carrier does own the serving tandem switch.

(b) Effective July 1, 2019, each Rate-of-Return Carrier

[INSERT RATE-OF-RETURN END STATE FOLLOWING TRANSITION]

(c) [In a "Year 5" proceeding], the Commission shall undertake a review in which it shall determine whether to modify the July 1, 2019 effective date for the unification described in subsection XX.2(b) of this Chapter and the transition for Rate-of-Return Carriers described in subsection XX.4 of this Chapter.

(d) The rates set forth in subsections XX.2(a) and XX.2(b) of this Chapter, and the transitional rates set forth in subsections XX.3, XX.4, XX.5, and XX.6 of this Chapter are default rates. Telecommunications Carriers may agree to rates different from the default rates.

§ XX.3 Transition of Price Cap Carrier, CLEC, and CMRS Carrier Access Charges

(a) Effective January 1, 2012:

(1) No Price Cap Carrier or CLEC may increase the rate for any originating or terminating intrastate switched access service above the rate for such service in effect on January 1, 2012.

(2) Except as provided in section 69.701-69.731 of this Chapter, Price Cap Carrier interstate switched access services shall remain under price cap regulation unless upon the Price Cap Carrier's election the Price Cap Carrier caps all rate elements at their January 1, 2012 levels.

(b) *Step 1*. Effective July 1, 2012:

(1) Each Price Cap Carrier shall file interstate access tariff provisions that set forth the rates, terms, and conditions applicable to Transitional Interstate Access Service in each state in which it provides Transitional Interstate Access Service.

(2) Transitional Interstate Access Service shall not be subject to intrastate access rate regulation.

(3) A CLEC may elect to file interstate access tariff provisions that set forth the rates, terms, and conditions applicable to Transitional Interstate Access Service in each state in which it provides Transitional Interstate Access Service.

(4) Each Price Cap Carrier and CLEC shall establish the rates for Transitional Interstate Access Service using the following methodology:

(i) Calculate total revenue from Transitional Interstate Access Service at the carrier's interstate access rates in effect on January 1, 2012, using 2011 Base Period demand. If Transitional Interstate Access Service Base Period demand for the interstate access rate structure is not available from carrier records, then the carrier may estimate 2011 Base Period demand that produces a revenue neutral outcome.

(ii) Calculate total revenue from Transitional Interstate Access Service at the carrier's intrastate access rates in effect on January 1, 2012, using 2011 Base Period demand.

(iii) Calculate the Step 1 Access Revenue Reduction. The Step 1 Access Revenue Reduction is equal to one-half of the difference between the amount calculated in (i) above and the amount calculated in (ii) above.

(iv) A Price Cap Carrier or CLEC may elect to establish rates for Transitional Interstate Access Service using its intrastate access rate structure. Carriers using this option shall establish rates for Transitional Interstate Access Service such that Transitional Interstate Access Service revenue at the proposed rates is no greater than Transitional Interstate Access Service revenue at the intrastate rates in effect as of January 1, 2012 less the Step 1 Access Revenue Reduction, using Base Period demand.

(v) In the alternative, a Price Cap Carrier or CLEC may elect to apply its interstate access rate structure and interstate rates to Transitional Interstate Access Service. In addition to applicable interstate access rates, the carrier may assess a transitional per-minute charge on Transitional Interstate Access Service end office switching minutes (previously billed as intrastate access). The transitional charge shall be no greater than the Step 1 Access Revenue Reduction divided by Base Period Transitional Interstate Access Service end office switching minutes.

(c) *Step 2*. Effective July 1, 2013, Transitional Interstate Access Service shall be subject to the Price Cap Carrier or CLEC's interstate access rates.

(d) *Step 3*. Effective July 1, 2014:

(1) Notwithstanding the rate structure rules set forth in section 69.106 of this Chapter, a Price Cap Carrier shall establish separate originating and terminating rate elements for interstate End Office Access Service. A CLEC shall establish separate interstate originating and terminating rate elements for interstate End Office Access Service.

(2) Price cap regulation of terminating End Office Access Service is eliminated. Nothing in this Step shall affect Tandem-Switched Transport Access Service or Dedicated Transport Access Service.

(3) Each Price Cap Carrier and CLEC shall establish rates for terminating End Office Access Service using the following methodology:

(i) Each Price Cap Carrier and CLEC shall calculate the Initial Composite Terminating End Office Access Rate. The Initial Composite Terminating End Office Access Rate means the Composite Terminating End Office Access Rate calculated using 2013 demand and January 1, 2014 rates.

(ii) Each Price Cap Carrier and CLEC shall calculate its 2014 Target Composite Terminating End Office Access Rate. The 2014 Target Composite Terminating End Office Access Rate means $0.0007 per minute plus two-thirds of any difference between the Initial Composite Terminating End Office Access Rate and $0.0007 per minute.

(iii) Effective July 1, 2014, no carrier's Composite Terminating End Office Access Rate shall exceed its 2014 Target Composite Terminating End Office Access Rate. In the alternative, any Price Cap Carrier or CLEC may elect to implement a single per minute rate element for terminating End Office Access Service no greater than the 2014 Target Composite Terminating End Office Access Rate.

(e) *Step 4*. Effective July 1, 2015:

(1) Each Price Cap Carrier and CLEC shall establish rates for terminating End Office Access Service using the following methodology:

(i) Each Price Cap Carrier and CLEC shall calculate its 2015 Target Composite Terminating End Office Access Rate. The 2015 Target Composite Terminating End Office Access Rate means $0.0007 per minute plus one-third of any difference between the Initial Composite Terminating End Office Access Rate and $0.0007 per minute.

(ii) Effective July 1, 2015, no carrier's Composite Terminating End Office Access Rate shall exceed its 2015 Target Composite Terminating End Office Access Rate. In the alternative, any Price Cap Carrier or CLEC may elect to implement a single per minute rate element for terminating End Office Access Service no greater than the 2015 Target Composite Terminating End Office Access Rate.

(2) Nothing in this Step shall affect Tandem-Switched Transport Access Service or Dedicated Transport Access Service.

(f) *Step 5*. Effective July 1, 2016, each Price Cap Carrier and CLEC shall establish a single per minute terminating End Office Access Service rate no greater than $0.0007 per minute. Nothing in this Step shall affect Tandem-Switched Transport Access Service or Dedicated Transport Access Service.

§ XX.4 Transition of Rate-of-Return Carrier Access Charges

[INSERT RATE-OF-RETUN TRANSITION]

§XX.5 Transition of Reciprocal Compensation Rates

This section applies to traffic subject to Part 51, Subpart H of this Chapter as of the effective date of the order implementing this section.

(a) *Definitions:*

(1) *Initial Termination Rate:* The *Initial Termination Rate* is the termination rate in effect as of July 1, 2013. Termination has the same meaning as set forth in section 51.701(d) of this Chapter. If a Telecommunications Carrier does not have a separate Termination Rate, such a rate shall be developed based on a reasonable methodology.

(b) Effective January 1, 2012, no Telecommunications Carrier may increase a reciprocal compensation rate for transport or termination above the level in effect on January 1, 2012. All Bill-and-Keep Arrangements remain in place.

(c) Effective July 1, 2012, if the reciprocal compensation rate in effect on January 1, 2012, exceeds the interstate access rate for equivalent functionality, the carrier shall reduce its reciprocal compensation rate to one half the difference between the reciprocal compensation rate in effect on January 1, 2012 and the corresponding interstate access rate in effect on January 1, 2012.

(d) Effective July 1, 2013, no reciprocal compensation rate shall exceed the carrier's corresponding interstate access rate in effect on January 1, 2013, for equivalent functionality.

(e) *Termination transition for Price Cap Carriers, CLECs, and CMRS Carriers.* If the carrier's Initial Termination Rate is greater than $0.0007, then the carrier shall transition its termination rate to $0.0007 per minute using the following schedule:

(1) Effective July 1, 2014, the termination rate shall be $0.0007 per minute plus two-thirds of the difference between the Initial Termination Rate and $0.0007 per minute.

(2) Effective July 1, 2015, the termination rate shall be $0.0007 per minute plus one-third of the difference between the Initial Termination Rate and $0.0007 per minute.

(3) Effective July 1, 2016, the termination rate shall be $0.0007 per minute.

(f) *Termination transition for Rate-of-Return Carriers.*

[INSERT RATE-OF-RETURN TRANSITION]

(g) *Symmetry*. Rates for transport and termination shall be symmetrical during the transition set forth in subsections XX.5(b)-(e) of this Chapter. If two carriers with different default rates exchange traffic, then a carrier may assess the higher default rate only if it agrees that the other carrier may assess the same rate for transport and termination.

(h) Nothing in this section applies to Transit Service.

(i) Traffic exchanged between a LEC and CMRS Carrier that, at the beginning of the call, originates and terminates within the same Major Trading Area, as defined in §24.202(a) of this Chapter, shall remain subject to reciprocal compensation rates during the transition specified in subsections XX.2((a)-(f) of this Chapter. In addition, effective January 1, 2012, all CLEC reciprocal compensation rates shall be no higher than the reciprocal compensation rates charged by the corresponding ILEC in the same territory.

§ XX.6 Transition for VoIP Traffic

(a) Effective January 1, 2012:

(1) If the call detail for VoIP traffic indicates an "access" call, such VoIP traffic shall be subject to interstate access charges for functions actually performed. If the call detail for VoIP traffic indicates a "non-access" call, such VoIP traffic shall be subject to reciprocal compensation charges for functions actually performed.

(2) In connection with the exchange of traffic, a Telecommunications Carrier may require certification that traffic is VoIP and require supporting information and documentation, which may be subject to audit.

(3) All access traffic that originates in IP using a VoIP service or terminates in IP using a VoIP service shall be subject to interstate access charges.

(b) For purposes of this section, a "non-access" call includes VoIP traffic exchanged between a LEC and a CMRS Carrier that, at the beginning of the call, originates and terminates within the same Major Trading Area, as defined in section 24.202(a) of this Chapter, is subject to reciprocal compensation charges.

(c) Nothing in this section shall be construed to apply to VoIP traffic that neither originates nor terminates on the public switched telephone network.

Amendments to 47 C.F.R. § 69.152

(r)(1) *Incremental EUCL*

(A) A Price Cap Carrier that elects to receive support from the Temporary Access Replacement Mechanism in § 54.XX of this Chapter may increase its federal end user common line charge to a customer above the level otherwise permitted by this section by up to a cumulative total of:

(i) $0.50 effective July 1, 2012.
(ii) $1.00 effective July 1, 2013.
(iii) $1.50 effective July 1, 2014.
(iv) $2.00 effective July 1, 2015.
(v) $2.50 effective July 1, 2016.

(B) A Price Cap Carrier that does not elect to receive support from the Temporary Access Replacement Mechanism in § 54.XX of this Chapter may increase its federal end user common line charge to a customer above the level otherwise permitted by this section by up to a cumulative total of:

(i) $0.75 effective July 1, 2012.
(ii) $1.50 effective July 1, 2013.
(iii) $2.25 effective July 1, 2014.
(iv) $3.00 effective July 1, 2015.
(v) $3.75 effective July 1, 2016.

(C) No Price Cap Carrier shall increase its federal multi-line business end user common line charge pursuant to subsections (A) and (B) to a customer until the federal primary residential end user common line charge equals the federal multi-line business end user common line charge.

(D) Notwithstanding subsections (A), (B), and (C) above, no Price Cap Carrier shall increase its federal residential end user common line charge pursuant to subsections (A), (B), and (C) above to the extent such increase would cause the sum of the local residential rate, federal residential end user common line charge, state subscriber line charge or equivalent, mandatory EAS charge or equivalent, and per-line amount of the high cost and access replacement components of the state's universal service fund (if any) to exceed $30 per month on a composite weighted study area basis. For purposes of this subsection, the local residential rate, state subscriber line charge or equivalent, and mandatory EAS charge or equivalent shall be calculated based on the rates and charges in effect on January 1, 2012.

§ 54.XX Price Cap Carrier Transitional Access Replacement Mechanism (TARM)

[INSERT TO BE PROVIDED PROPOSED TARM RULES, INCLUDING VOIP TRUE-UP]